BOARD OF TRUSTEES
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 602
Indianapolis, IN 46204

December 14, 1998
Annual Meeting

TRUSTEES PRESENT

Richard Doermer, Chair
Nancy Turner, Vice Chair
Dr. Teresa Ghilarducci
Steven Miller
Jonathan Birge

OTHERS PRESENT

Diana Hamilton, Special Liaison to the Governor for Public Finance
Mary Beth Braitman, Ice Miller Donadio & Ryan
Kris Ford, Wm. M. Mercer Investment Consulting
Pete Keliuotis, Wm. M. Mercer Investment Consulting
Bill Monroe, Wm. M. Mercer Investment Consulting
Richard Boggs, Burnley Associates
Karen Franklin, National City Bank
Jodi Woods, Indiana Association of Cities & Towns
E. William Butler, PERF Executive Director
Mark Webb, PERF Deputy Director & General Counsel
Patrick Lane, PERF Executive Assistant to the Director
Bill Hutchinson, PERF Division Director, Pension Administration
Michael Quigley, PERF Program Director, Pension Administration
Dave Yeater, PERF Controller
Linda Stahl, Recording Secretary

ITEMS MAILED TO THE BOARD PRIOR TO MEETING

A. Agenda of December 14 & 15, 1998 Meeting
B. Minutes of August 27 & 28, 1998 Meeting
   Minutes of September 29, 1998 Meeting
C. Statements of Retired and Disabled Members - PERF, Judges' Retirement System, Conservation & Excise, and Police & Fire
D. Composite Portfolio Summary
E. Quality Portfolio Statistics
F. Historical Comparisons
G. Balance Sheets - All Funds

A quorum being present, Chair Doermer called the meeting to order.

1. INTRODUCTION OF NEW EXECUTIVE DIRECTOR

This was the first meeting of the Board since E. William Butler was appointed to the position of Executive Director. Chair Doermer expressed, "I want to reiterate how impressed we all are, Bill, with the start you have launched and how glad we are to have you."

2. MINUTES APPROVAL

MOTION duly made and carried to amend the Minutes of the August 28, 1998 meeting, agenda item "INVESTMENT COMMITTEE REPORT" as follows:

> MOTION duly made by Steve Miller, seconded by Teresa Ghilarducci and carried to delegate the monitoring of the portfolio managers' adherence to the investment guidelines to National City Bank. Jonathan Birge abstained from the vote.
>
> MOTION duly made by Nancy Turner, seconded by Steve Miller and carried to recognize Lee Tanner for his work through the years for the Board of Trustees in overseeing the performance and compliance of the various money managers. Jonathan Birge abstained from the vote.
>
> MOTION duly made by Steve Miller, seconded by Nancy Turner and carried to delegate to Mark Webb the authority to execute a contract with Prime Capital Management once the Investment Committee has met with them and agreed upon a contract. Jonathan Birge abstained from the vote.

Proposed by: *Steve Miller*
Seconded by: *Nancy Turner*
Votes: *4 for, 0 against, 1 abstention (Birge)*

MOTION duly made and carried to accept the Minutes of the September 29, 1998 meeting.

Proposed by: *Steve Miller*
Seconded by: *Nancy Turner*
Votes: *5 for, 0 against, 0 abstentions*

3. <u>BOARD DISCLOSURES</u>

Chair Doermer noted that somewhat unwittingly he had failed to fully appreciate the impact of the disclosure requirement of the law with regard to interests — how they might be interpreted. He indicated that he had in recent times been the recipient, through the merger of a banking company with which he was associated for many years, of a fairly sizeable block of NBD and Bank One stock.

> I want to again, as I have in the past, observe that I have a holding there. I have filed with the State Board of Accounts an appropriate disclosure statement which the Governor's Office found to be acceptable and our attorneys have found acceptable. I will be happy to answer any questions anyone has of me on that ownership. It would be my intention to abstain from participation in any discussion relating to Bank One's performance or the generation of any contractual agreements with Bank One.

Mark Webb added that he had had an opportunity to discuss this matter with Mary Beth Braitman, Ice Miller Donadio & Ryan, and Bill Butler. They decided that this would be an appropriate time to go back over the disclosure obligations which the Board has placed upon themselves. Therefore, that section of the Restatement of Investment Policy (Exhibit A) which deals with disclosure obligations was distributed to the Trustees to remind them of its provisions. Essentially, it concerns interests that relate to vendors who come before the Board, either with potential business or actual business. "This is a provision which the Trustees who drafted the policy felt very strongly should be included, and we'll be doing these reminders on a somewhat regular basis."

Mr. Webb also noted that Indiana does have a statute found in Title 35 of the Indiana Criminal Code which speaks to a criminal conflict of interest. That arises more in the context of where a conflict of interest is not disclosed and there would be a significant major appreciation in the wealth of a public servant with such an intent. The Board's Code of Ethics covers this matter well. "The burden to disclose is on the individual Trustee as a member of the Board, but it's important that we be vigilant in carrying out the intent." Therefore, all future Board meetings will include a time for disclosure of any conflict of interest.

Thus, the following Trustees so noted that it was their intent to abstain from any discussion/vote concerning matters of possible conflict of interest as follows:

Jonathan Birge	-	Prime Capital Management (Law firm represents Prime Capital Management)
Richard Doermer	-	Banc One (Stock ownership)

4. BOARD GOVERNANCE

Election of Officers

MOTION duly made and carried to reappoint Richard Doermer to the position of Chair and Nancy Turner to the position of Vice Chair.

Proposed by:	*Jonathan Birge*
Seconded by:	*Steve Miller*
Votes:	*3 for, 0 against, 2 abstentions (Doermer & Turner)*

Appointment of Committees

Chair recommended and the full Board confirmed the reappointment of the following sub-committees:

Investment Committee - Teresa Ghilarducci & Steve Miller
Benefits Administration Committee - Nancy Turner & Jonathan Birge

5. REPORT OF INVESTMENT COMMITTEE

Steve Miller reported that the Investment Committee had met earlier this day and addressed several issues as follows:

a. Unit Trust Accounting

A proposal has been made to change the unit trust accounting as originally envisioned by the Board and adopted in their August meeting. Mary Beth Braitman detailed that change and the reason it is necessary by pointing out that when the employee investment annuity savings account ("ASA") directions were implemented, it became clear that the unit trust accounting system approved by the Board was working just beautifully except when the dollars for the annuity savings account directions were loaded in. It then became apparent that to load them in without a separate unit trust sub-account for the managers who had both annuity savings account money and regular consolidated fund money would potentially distort the rate of return in the consolidated fund. Therefore, after considerable discussion with National City Bank, an alternate plan (Exhibit B) was presented to the State Board of Accounts ("SBA") for their approval. They seemed to think the plan would work very well. The proposed change would establish both an annuity savings account as well as a main account (the consolidated fund pool account) for Dimensional Fund Advisors ("DFA"), Barclays Global Investors ("BGI"), and the LBA Index Fund. So, Barclays, for instance, would know that they had $1.7 billion to invest, and that's all they would know. National City, however, would know that of the $1.7 billion, $1.6 was consolidated fund assets and $.1 was annuity savings account. That additional accounting layered onto what the Board had originally approved would provide that the consolidated fund rate of return would not be distorted; the rate of return on the annuity savings accounts would be kept clear line so that it would be the same as the rate of return for the consolidated fund assets with each particular manager; and it would allow National City, PERF, and Burnley to be able to process those accounts and move the money on a timely basis. The State Board of Accounts felt very comfortable with the process. They did think it was important that the Board take formal action to approve the additional sub-accounts beyond the structure approved in August.

Chair Doermer inquired, “Do I understand that we would be establishing 24 sub-accounts?” Ms. Braitman responded that all of the accounts are already established in the new unit trust structure. What the Board would be doing is splitting, for example, DFA out into the consolidated fund pool and the ASA. In the future, this structure would be added for any manager who has annuity savings account money. Mr. Miller added that with the proposed change, DFA would not have to manage one account for the consolidated fund pool and a separate, very small, account for the savings plan. As far as DFA is concerned, it’s all one fund and the savings plan owns a piece of that just like the consolidated fund. “It’s like a mutual fund — they own a piece of it. That way the returns received by the employees in the savings plans should be the same as the consolidated fund.”

MOTION duly made and carried to approve the unit trust accounting change as outlined by Mary Beth Braitman.

Proposed by: *Steve Miller*
Seconded by: *Nancy Turner*
Votes: *5 for, 0 against, 0 abstentions*

b. Rate of Return Smoothing for Annuity Savings Accounts

Both BGI and DFA were slow in getting their October 1 allocation of monies invested, thereby causing their returns for the month to differ from the return for the consolidated fund pool. The Investment Committee discussed whether that return should be made whole to line up with the rest of the consolidated fund pool. To do that, it would have to be done at the cost of the rest of the pool. The consensus of Committee was that any time you do have a start-up of a fund or new money going into a fund, it’s not unusual to have some administrative lag in getting the performance running and the money fully invested. So, they felt it was not proper, at the cost of the consolidated fund, to try to artificially smooth that return for the annuity savings accounts. So the return on the money in the ASA will be what it actually was and for just the month of October will differ slightly. That variance may not even show up on the quarterly return.

Chair Doermer inquired, “The matter of coordination of the savings account and the PERF fund — all those holes have now been filled so the returns will essentially be the same?” Mr. Miller responded maybe, but every time there are reallocations to the funds for whatever reason, there may be a problem of getting money completely invested. There may always be slight variations in the return of a participant, but the fund itself will have the same return. This issue was brought to the attention of the Investment Committee because the market did rally significantly in October. Had it gone the other way, these people would have come out ahead, and you could not very easily go back and take money from them to make the rest of the pool whole. So, the cleanest way to do this is to let the returns be as they actually were and not try to shore up anything due to administrative procedures.

c. Securities Lending

When PERF had two custodial institutions, there were two securities lenders (Chase National Bank and Banc One). After the custodians were consolidated, both securities lending organizations were retained. Several months ago, because of Chase’s unwillingness to follow Committee direction, a decision was made to terminate them as a securities lending agent. Since that time, Karen Franklin, National City Bank, has been working with the PERF staff to determine what is the best way to accomplish this. A question was raised as to whether two securities lending agents were, in fact, needed. The whole collateral pool totals $1 billion which is a pretty significant piece of money to be managing. The conclusion of the Committee was that two securities lending agents are probably not needed although they are not entirely comfortable with the idea that the securities lending sub-agent would also have complete control over the investment of the collateral. It was suggested that perhaps National City could invest the collateral pool on behalf of the securities lending agent. The Committee requested that Mr. Butler and PERF staff work with National City to study the issue and come back to the Board at its next meeting with a recommendation on what would be the best approach toward getting the securities lending operation up and running and working best for the Board.

Chair Doermer commented that there had been a difference in the performance of the two securities lending agents in the past by reason of the fact that one was more fully vested than the other and able to get the money a little more readily. He inquired of Dick Boggs if those differences were material. Mr. Boggs responded that the numbers seem to suggest that for the dollars that were available for securities lending, somehow Banc One produced about 20% more income. Mr. Miller added that that could be a potential risk. The income is a function of the investments made in the collateral pool, and to the extent that the collateral pool takes on more risk and produces a higher level of return, the Fund benefits from that as does the securities lending agent. However, PERF bears 100% of the risk. That's a key issue the Committee has asked the staff to address — what is the best way to be sure that PERF's interests are protected and what is the right trade off between how much the Board wants to make from the securities lending and how much risk they are willing to assume with it.

d. <u>Prime Capital Management Insurance Coverage</u>

Mark Webb has been working with Prime Capital Management and reported that apparently Prime has throughout their years of association with the Board been relieved from the requirement to have fiduciary liability insurance and fidelity bonds. They have now been told they need to secure that coverage, and they have received a quote of $70,000 a year for $10 million dollars worth of fiduciary liability insurance. A fidelity bond would cost them around $15,000 a year. Mr. Tanner (President, Prime Capital Management) has requested that PERF staff sit down with him to discuss what it is they really need, but it has been the considered judgment of the PERF consultants and counsel that that is not a good thing to do. Prime's biggest concern seems to be what coverage the Board wants. To that degree there was discussion at the Investment Committee meeting this morning as to whether the guidelines of the Investment Policy need to be a bit more specific to give the managers a little more direction as to what it is they need. However, Mr. Tanner has been told that PERF must have written evidence that the insurance is in place by the time Prime's new contract commences on January 1, 1999.

Mr. Miller noted that one concern the Committee had was whether they were requiring something more of Prime than they were the other managers. So, from that arose another staff assignment to look at the insurance arrangements in place with the other managers, particularly those managers who have a significant amount of assets under management, to be sure that the Board is not unreasonably requiring something of Prime that is not required of the other managers. Additionally, the matter of looking at the Investment Policy wording as to coverage requirements should be looked into. By the wording of the policy, are some managers being required to take on double coverage in some areas that is more expensive to them than it needs to be? Committee has requested that the staff report back to the Board at its next regular meeting concerning these issues.

e. <u>NBD and Banc One Portfolios</u>

As of September 30, NBD and Banc One together had almost $1 billion of fixed income assets under management, and the bulk of that was at NBD with about $640 million. Last month, following their merger with Banc One, the majority of the fixed income management staff at NBD left the bank, thereby leaving the Investment Committee questioning who was minding the store there as far PERF's assets are concerned and how that relates to the portfolio being managed by Banc One. It is not clear if the portfolios are still being run independently. It is the Committee's understanding that the people at NBD have a reporting relationship to the people at Banc One in Columbus, Ohio, but whether or not they are being treated as one big portfolio or run independently is not clear. So PERF staff was requested to look into the matter and report back to the Investment Committee as soon as possible.

f. <u>Broad Agency Announcement Process</u>

Mr. Miller summarized that the Board, at it's last meeting, decided that the first thing they needed to do was to determine what they wanted the fixed income portion of the portfolio to look like (i.e. the split between active verus passive, the number of active managers, etc.). Wm. M. Mercer has completed some fairly extensive analytical work on the matter looking at several asset allocation splits starting at 20% passive and 80% active and moving all the way at 20% shifts to exactly the opposite. They studied some of the risk/return characteristics of those different scenarios, and the conclusion was that, from a risk/return standpoint, the optimal split is about 40% active and 60% passive and that active piece would be split between 4 core managers and at least 3 minority managers. With that in mind, Mercer has been asked to go ahead and begin constructing a Broad Agency Announcement ("BAA") given those general perimeters. The Investment Committee will then review that between now and the next Board meeting.

Chair Doermer inquired if there was a risk adjustment considered when the conclusion was drawn that the preferable allocation would be 40% to active managers and 60% to passive. Teresa Ghilarducci responded affirmatively and added that it also took into account that the Board had already made a big decision that the bond portion be "safer" than the equity portion. "So, even within that constraint, we're looking at ways just to make a little extra given that safety consideration."

MOTION duly made and carried to authorize the PERF consultants

(Wm. M. Mercer) to proceed with the development and construction of
a Broad Agency Announcement for fixed income and for the PERF

staff to proceed with the Department of Administration in the implementation of such an Announcement.

Proposed by: *Steve Miller*
Seconded by: *Nancy Turner*
Votes: *5 for, 0 against, 0 abstentions*

g. Termination of Mid-Cap Search

Question arose as to whether the mid-cap search had officially been terminated/suspended. Committee consensus was that by the time the Board gets through a fixed income search, the mid-cap search and the results already received will be very stale. So, for the benefit of the Department of Administration, the Committee would like to go on record as terminating the mid-cap search for this time and revisiting the issue once the fixed income search is finished.

MOTION duly made and carried that the mid-cap search be terminated with the understanding that the search, in the context of the overall equity allocation, be revisited once the fixed income search is completed.

Proposed by: Steve Miller
Seconded by: Nancy Turner
Votes: 5 for, 0 against, 0 abstentions

6. DISCUSSION OF INTERVIEWS WITH EXISTING MONEY MANAGERS

Richard Boggs, Burnley Associates, reported on the money manager interviews conducted on this date. Included in the interview discussions were the representatives of Wm. M. Mercer and the Investment Committee.

There was no opportunity to talk to Brinson Partners about performance since they did not receive assets until toward the end of the quarter. Basically, they just discussed their style. They are now fully vested. There was a decline in the market before they received the $350 million allocated to them so that when the number of shares which had been agreed upon were actually transferred out of the S&P Index, it came to something less than $350 million.

HM Capital was the Fund's best manager last quarter. Going back a little while they have been the worse manager. However, by being 100% in treasuries in a quarter when the only part of the bond market that did well was the treasury portion, they went from being the Fund's worse manager to the best manager. They did indicate they were moving a little bit off of treasuries and into corporates and also noted that in their history (over 18 years) they have been as high as 40% corporates at least once during that time period. They have really never been a dramatic style rotator. Kris Ford noted that at the last Board meeting it was determined there would be a full evaluation of the firm. There was some feeling at that point that perhaps they were candidates for termination, largely because of performance and secondarily because there didn't seem to be a clear strategy set forth. Having participated in today's discussion with HM, she commented that there was nothing there that would give any great confidence about this firm going into the future — not their description of their strategy, not their description of portfolio construction, not their description of resources. So there were lots of sticking points with the firm that are very difficult to get by. Mr. Miller added that he had inquired specifically where HM currently stands with respect to corporate exposure, and all they would say is that they are moving toward 20%. He noted further that this is an issue that will need to be addressed with the BAA because the Board will have to look at emerging minority and women-owned firms, and some kind of decision will have to made as to whether a firm has a commitment to the business. "With this firm, we're $100 million of the total $130 million they manage, and I didn't hear a strong commitment that they're going after new business." Ms. Ford added further that small firms/new firms can have extremely qualified investment professionals. You don't compensate for or make special dispensation just for the size of the firm. "This is public money, and HM is responsible to run it in a responsible way. There is not anything untoward about what they are doing, but there was no clear argument in terms of experience strategy, clarity of strategy, or resources." Mr. Boggs noted that PERF is 75% of HM's business and 100% of Prime's. However, Prime has a lot more assets so that when you work out the arithmetic and look at the revenue stream, Prime has about 4 times as much revenue as a firm and yet there are three people at each firm. HM is pretty much working on a thin shoe string in terms of their inability to add any more resources. They are not making an awful lot of money, and they don't have any slack to go out and expand the business. Ms. Ford continued that the upcoming BAA can serve as a complete reevaluation of the Fund's managers in a wider context so that everybody will be asked to re-bid on their contracts, and it will be even-handed across the board. Ms. Hamilton noted, however, that the Board needs to have in place a process for documenting poor performance, and they should be consistent in terms of the way they terminate a manager. Thus, it was suggested that PERF staff, working with their consultants, develop a documentation policy for Board approval at its next meeting.

Mr. Boggs continued his discussion of manager interviews with Holland Capital Management and noted that Holland seems to spend an awful lot of time, with duration being a fairly major consideration, on how they construct their anticipations of interest rates. There is a lot of qualitative or subjective evaluation with duration going to full extremes of 80% to 120%. They do make shifts in sectors, but they stress that it becomes a very gradual procedure. It is not something they will do on a quarter-by-quarter basis. It becomes a value judgment.

Moving on to Pacific Income Advisers, they stress that while they don't want to be called a quantative adviser, virtually every new hire they have made is a mathematician. What they are doing is a very complex, mathematical analysis of yield curves and the spreads in yield curves looking not only at changes in the position but the rate of change in the changes of position. That's the way they have earned their money — it's a very structured approach.

7. PERFORMANCE ANALYSIS

The consolidated fund was up 1%, having beaten the custom index which is based on actual allocations. If the consolidated fund is compared to other public fund data bases, they are just way off the top of the chart. Part of that was due to the fact that you're looking at a nine month period where stocks were up 6% and bonds were up 8%. If you had more bonds than stocks, you looked better than the median, the median being close to 55% allocation to the stock market.

Cash flows in the consolidated fund for the quarter started with $8.5 billion and ended with $8.5 billion. Money came in, income was realized, monies were lost — so the Fund started and stopped at the same point. There are two different accounting systems in place for participants in the consolidated fund. The unit value is an SEI system and uses a different set of pricing than the FSR system which is the only way to evaluate the managers since all managers are not on the unit trust accounting except in total. So to do the total fund one system has to be used, and to do the individual managers another system has to be used. So there's two different sets of books in a way. There's the official set which is the SEI set, but there's the unofficial set which you have to use to do the individual managers. In the SEI system (except for BGI, DFA, and the LBA Index) everybody is lumped together, and the SEI system doesn't separate.

Looking at the management of the enhanced S&P products, both Brinson and J. P. Morgan do somewhat the same thing in that they start with either the S&P or the S&P plus the next 100 (in Morgan's case), and they eliminate what they don't like. One of the things that jumps out is that Brinson has a higher dividend rate and J. P. Morgan has a higher P.E. ratio and price book ratio. It looks like Morgan has a little more of a growth manager's "typical" characteristic than Brinson and that Brinson might, in fact, have a little more of a value manager's. Their enhancement makes them end up looking a little more like value. Currently, the largest single stock in the S&P is Microsoft with a 3.3% weighting. Brinson will run that through their screen, determine they don't like Microsoft, and they won't hold Microsoft. J. P. Morgan has a subtle difference. They run it through almost the same screen and come up with the same conclusion that it's an overvalued stock. Morgan, however, will cut it back by 100 basis points from 3.3% to 2.3%. If Morgan doesn't like it, they won't throw it out — they'll merely reduce its holdings. If they really don't like it, they'll reduce it by the full one percentage point. So when you're through, Morgan is still going to hold some of those growth stocks. In a declining market, value is supposed to hold up better than growth, but, in point of fact, during the third quarter it did not. So you might find that a Morgan is going to do better because of their holdings of growth stocks. Using the return base style attribution which takes a rate of return of an individual manager and decomposes it to see how much of that rate of return correlates with large cap growth, large cap value, and, for balance, small cap growth and small cap value, you will see that Brinson had about 63% of their return due to value and 34% to growth and a small portion to small cap value. By contrast, Morgan was much closer on a 50/50 split between growth and value. Thus, Brinson had more value and Morgan had pretty much a balance between growth and value. Going forward, Morgan will do better than Brinson during time periods where growth stocks do better, and Brinson will do better during time periods where value stocks do better.

Looking at the small cap managers, J. P. Morgan's approach is a little like what they do with large cap except that now they are fishing in the Russell 2000 pond instead of the S&P 500. DFA is really expanding their universe to some huge number of securities and select only from among the smallest 50% and then, by the same universe but rank ordered on a different statistical attribute, they take the most undervalued 30%. Thus, when they are all through, they are holding a much different kind of portfolio than Morgan might. In the PERF portfolio, DFA is holding 1,500 securities and the smallest issue held was only one half of one percent where Morgan was holding 230 small cap stocks. Even though they are both running small cap enhanced index funds, their approaches are very different. They're both clearly 100% small cap, that's not an issue. What happens is that Morgan has much more of a balance between small cap growth and value. But because DFA threw out 70% of the overvalued stocks, they have a huge bias toward small cap value.

With respect to the bond managers, the best performer during the last quarter of the year was HM Capital Management who was sitting in short treasuries. Being in treasuries overwhelmed every other consideration. The managers who did well previously primarily because of mortgage backs and corporates had terrible quarters. As there was the flight to quality and as the yields went up on corporates relative to treasuries and a widening of yield spreads, it hurt them. Looking at the intermediate sector, treasuries in the quarter were up 4.8%, mortgage backs were up 2.6%, and corporates were up 4.0%. So you only looked at where you were in terms of sectors. That was more important than durations even though it was a strong market. Everybody benefitted from falling interest rates, but the sector bets overwhelmed everything by a huge margin. If you weren't in the sectors, it didn't matter. Even with a short duration, HM Capital was the Fund's best manager because they were 100% treasuries.

8. PRIME CAPITAL ACCOUNT REDUCTION

The Board previously discussed reducing the Prime Capital Management portfolio to a total amount of $500 million. Currently, Prime manages accounts as follows:

Prime D - Reallocation	$ 95,631,413.71
Prime A	516,923,629.23
Prime C - LBA Index	1,894,889,588.32
State of Indiana Employee Special Death	4,688,239.63
Police/Fire Pension Relief	506,723,379.43
State of Indiana Social Security	152.08
Prime B - PERF Related	836,293,351.12
Public Employees' Special Death	3,696,572.84
Harrison Building	2,756,503.48
Money Market	3,488,646.27
TOTAL	$3,865,091,476.11

Following discussion,

MOTION duly made and carried to:

- Leave the Prime A account with Prime Capital Management,
- Move the Prime B (PERF Related) and Prime C (LBA Index) to Barclays Global Investors as part of the separate new sub-accounts of the consolidated fund,
- Move the Police & Fire Pension Relief to Barclays Global Investors, but not as part of the separate new sub-accounts of the consolidated fund,
- Leave the Prime D (Reallocation), State of Indiana Employee Special Death, State of Indiana Social Security, Public Employees Special Death, Harrison Building, and Money Market accounts with Prime Capital Management or move them to National City Bank pending submission of a fee structure. Henceforth, these accounts will all be managed separately, whoever manages them.

Proposed by: *Steve Miller*
Seconded by: *Teresa Ghilarducci*
Votes: *4 for, 0 against, 1 abstention (Birge)*

9. BENEFITS ADMINISTRATION COMMITTEE REPORT

Nancy Turner reported that following their meeting on November 30, three of the four highest priority projects for 1998 are complete. Those projects included the entry of the widows and orphans into the 1977 Police & Fire Fund, the implementation of the Annuity Saving Account employee investment directions, and the installation of the unit trust accounting system. The fourth project, the integration of the Bureau of Motor Vehicles Commission ("Bureau") employees, is well underway, but the Bureau has postponed their entry into PERF until July 1, 1999.

With respect to works in progress:

- Committee looked at the need for special projects on staffing levels and have asked the Executive Director to work on an overall staffing plan for presentation to the Committee in 1999.

- Committee reviewed the physical layout and security of the paper files and determined that the system project, the staffing plan, and budgetary needs all tie together. Committee will be working on this matter during the first quarter of 1999.

- Committee reviewed the technology and have asked staff to report on expediting communications with employers through the use of an Employer Advisory Group.

- Committee worked on issues involving time lines for the commencement of retirement benefits and estimates of benefits.

Other long-term projects to be discussed in the future include staff education and training, document imaging, and installing a new State data system.

Chair Doermer inquired if the process for measuring the quality to employees and retirees in terms of response time, correctness of calculations, address matters, etc. was a part of the Committee's discussion. Ms. Turner responded affirmatively. Mr. Butler added that PERF staff has a meeting scheduled with a gentleman from Indiana University who is the Director of Benefits with whom they have broached the idea of forming an Employer Advisory Group. He was very interested. Sue Robertson at the Department of Personnel has also been contacted concerning the matter, and staff intends to get the ball rolling in an effort to establish a stronger flow of communication with the employers. The other big item he wanted to bring to the Board's attention is that on the MIS proposal, one of the first things he heard upon arriving at PERF was that there should be a combined MIS system for PERF and TRF. He noted that the Segal Company (a fairly well-know, nation-wide consulting firm) has been engaged to walk through the project as presently constituted just with PERF's concerns in mind and to raise any issues they think need to be raised. A draft of their report will be reviewed by PERF and discussions undertaken with respect to the parts PERF would like to have flushed out more.

> As soon as we have that, and probably as soon as we get it into final form, Mr. Birge and I are going to have some informal discussion with the people at the State House to get that dialogue started.

Before the next meeting of the Board, the Segal report will be submitted to the Board along with Mr. Butler's observations with regard to it.

10. CONTRACT EXTENSIONS UPDATE

In June of 1998 the Board elected to use the equities transition period as an opportunity to reflect on the scope of services, in particular, that the various consultants were providing. At that time, it was decided to take everyone, across the board, whose contract expired on June 30 and extend it to the end of the year. That would provide a chance to review both the consultants' and the managers' contracts. Currently, all the contracts have been renewed. Every consultant except Mercer is signed by PERF and in the process of going through the State signature process. With respect to Mercer, the Investment Committee, at its November meeting, requested that Mr. Butler and Mr. Webb sit down with Kris Ford to go over some of the pricing issues. It is anticipated that the contract will be finalized yet this week.

With respect to Prime Capital Management, their contract has been signed and is well through the State approval process. Prime has been told that the contract will be held up in the Budget Agency until the issue of insurance is settled to PERF's satisfaction. Mr. Webb noted, however, that he did not anticipate a problem. It is his belief that Prime will obtain the necessary insurance before the end of the year.

Concerning the other managers, there were approximately six fixed income managers whose contracts expired at the end of June. Those contracts are all in the process of being renewed. No fees have been increased.

11. RECESS

With no further business, the Board recessed to reconvene at 8:30 on December 15.

MINUTES

BOARD OF TRUSTEES
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 602
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December 15, 1998
Annual Meeting

TRUSTEES PRESENT

Richard Doermer, Chair
Nancy Turner, Vice Chair
Steven Miller
Jonathan Birge

TRUSTEES ABSENT

Dr. Teresa Ghilarducci

OTHERS PRESENT

Doug Kinser, Executive Assistant to the Governor
Mary Beth Braitman, Ice Miller Donadio & Ryan
Kris Ford, Wm. M. Mercer Investment Consulting
Pete Keliuotis, Wm. M. Mercer Investment Consulting
Bill Monroe, Wm. M. Mercer Investment Consulting
Richard Boggs, Burnley Associates,
Karen Franklin, National City Bank
Faith Berning, National City Bank
Jodi Woods, Indiana Association of Cities & Towns
Doug Todd, McCready & Keene, Inc.
Don Hilt, PERF Retiree
E. William Butler, PERF Executive Director
Mark Webb, PERF Deputy Director & General Counsel
Patrick Lane, PERF Executive Assistant to the Director
Diann Clift, PERF MIS Director
Bill Hutchinson, PERF Division Director, Pension Administration
Dave Yeater, PERF Controller
Tom Parker, Director, 1977 Police & Fire Fund
Linda Stahl, Recording Secretary

The recessed meeting was called to order by Chair Doermer.

1. ACTUARIAL VALUATION

Doug Todd, representing McCready & Keene, was present with a discussion of the PERF actuarial valuation. Mr. Todd explained that the report he was presenting was an Executive Summary and not a full report.

Contribution breakdowns and comparisons were as follows:

	July 1, 1998		
	State	Municipalities	Total
Total Annual Cost	$ 68,008,588	$ 100,430,226	$ 168,438,814
Anticipated Payroll	1,229,903,410	1,880,258,659	3,110,162,069
Total Annual Cost As % of Anticipated Payroll	5.7%	5.5%	5.6%

Looking at the accrued liability from July 1, 1997 to June 30, 1998, the expected unfunded actuarial accrued liability for the State was $11,753,082 and for the municipalities $(44,019,011). However, the actual unfunded actuarial accrued liability was $(134,464,562) for the State and $(150,341,380) for the municipalities. Thus, both the State and the municipalities realized gains. The plan in general had about a $250,000,000 gain.

The number of State active participants decreased from 53,350 to 50,939, and the municipalities, on the other hand, increased from 88,661 to 90,444. The retired and disabled participants experienced an annual benefit increase due to a cost-of-living adjustment and also because more recent retirees receive higher benefits. Terminated/vested figures increased for the State from 3,880 to 4,672 and from 3,552 to 3,939 for the municipalities. The municipality contribution rate for 1997 decreased from 5.9% as compared to 5.5% for 1998. The State rate also decreased from 6.6% to 5.7%. That was due primarily to investment earnings. Those figures make the year of 1998 very comparable to about four years ago. The increase in the intervening years was due to assumption changes as well as a change in the mortality table.

Looking at the historical investment experience, the market basis did very well with 13.27%, the best since 1992 when there was a 30.26% rate of return. The actuarial basis was 9.34%, which is the highest it has been since 1993. Of the $250,000,000 plan gain, about $132,000,000 was probably due to investment returns.

Following some futher review,

MOTION duly made and carried to approve the actuarial report and to set the State of Indiana employer contribution rate at 5.7%.

Proposed by: *Jonathan Birge*
Seconded by: *Steve Miller*
Votes: *5 for, 0 against, 0 abstentions*

2. YEAR 2000 UPDATE

Diann Clift, PERF MIS Director, reported that a status meeting with the Year 2000 Office was conducted on December 17. Such meetings are scheduled on a monthly basis.

Currently, PERF's IRIS and FAMIS systems are undergoing testing and remediation to make sure than when they work together they are both compliant. Both systems are scheduled to be completed in March of 1999. A list of all software and hardware has been submitted to the Year 2000 Office, and they are currently in the process of soliciting information from the vendors to determine if the software/hardware is compliant. Software is on order to upgrade the servers so that they are compliant, and that upgrade will be completed in January.

With respect to the facilities, an inquiry has been received from one of the tenants regarding the Year 2000 status of the PERF-owned buildings. The building manager has provided a list of vendors, and the Year 2000 Office has sent out letters to those vendors — responses should be received by the first of the year. A list of data customers and suppliers has been drafted, and the Year 2000 Office is also drafting a letter to be mailed to them to ensure that the data chain from start to finish is Year 2000 compliant. The concern has been that if PERF is Year 2000 compliant and information is sent to a company that's not, there could be a break in the chain and the information may not be processed correctly. Year 2000 language has been incorporated into all PERF contracts. All contracts in place are being assessed to make sure they include Year 2000 language. An opinion has been requested from the Attorney General's Office regarding the liability of Boards and Directors and State staff regarding compliance. Close tabs will be maintained on that issue with an update to the Board of the results.

3. BUILDING UPDATE

Patrick Lane reported that occupancy of the 125 West Market Street building is still at 100%. The only significant item to be reported is an expense of just under $10,000 which is being incurred due to a leak in the brick paved sidewalk. Previous efforts to correct the problem have not worked, and a more permanent fix had to be used. With respect to accounts receivable, the income statements are worse than budget in August and better than budget in September. That is to be reflected in Revel & Henry's resolution of rent payments which were in arrears.

The 143 West Market Street building has an occupancy of 85% in that the 7th floor is not being completely utilized in anticipation of expanding the PERF operation to the 7th floor. Until there is a feel for the manner in which the agency should be reorganized, that endeavor is on hold. There have been no unusual expenses outside the normal care taking processes.

4. QUARTERLY FINANCIAL REPORT

David Yeater, PERF Controller, distributed the attached Exhibit C for review by the Trustees. Mr. Yeater noted that over the last ten years the Fund has made a number of significant changes including increasing the mailing of member statements of account from one to four times per year, the implementation of unit trust accounting, and expansion of member annuity savings accounts from two to five which can be changed on a quarterly basis once a year. All of those things have been done on a budget which has gone from $3.2 million to $3.5 million during that entire ten year period.

Thus, looking at the current budget, it becomes obvious that the Fund is overspending at a rapid rate. Two of the major expenses include the printing and mailing of member statements, retirement checks, etc. and the utilization of temporary staff due to an inability to fill positions. It would appear that by the end of the year, without an augmentation to the budget, there may be a $400,000 deficit.

5. POLICE & FIRE CONVERTEE UPDATE ON DIRECT DEPOSIT

Tom Parker, 1977 Police & Fire Fund Director, reported with respect to the approximately 1,200 police and fire pensioners who transferred to PERF pursuant to statute passed in the last legislative session of the General Assembly. Direct deposit has now been established wherein those individuals who care to do so can complete a form and establish the payment of those benefits via direct deposit. Of the 1,200 convertees, only 200 has chosen to do so.

6. NEW UNITS & ENLARGEMENTS

MOTION duly made and carried to approve the following new units and enlargements:

New Units

1683	-	Town of Culver
1684	-	Town of Fairmount

1685	-	Town of Wolcott
1686	-	Owen County Public Library
1687	-	Greater Randolph Interlocal Cooperative
1688	-	City of Rushville
1689	-	West Central Conservancy District
1690	-	Starke County Airport Authority

Enlargements

0478	-	School City of Mishawaka
0558	-	School City of Whiting
0567	-	Manchester Community Schools
0629	-	Kosciusko County
0826	-	Michigan City Public Library
0907	-	Merrillville Community School Corp.
0934	-	DeKalb County Central United Schools
0942	-	Jeffersonville Township Public Library
0947-001	-	West Central Solid Waste District
1007	-	Johnson County
1017	-	Putnam County
1107-001	-	Adams County Solid Waste Management District
1123	-	Frontier School Corporation
1295	-	Gibson-Pike-Warrick Special Education Cooperative
1307	-	J.E.S.S.E. School Corporation
1314	-	Westview School Corporation
1359	-	Van Buren Township Trustee
1436	-	Town of Paoli
1459	-	Tell City-Perry County Public Library
1471	-	Decatur County
1483	-	City of Rising Sun
1509	-	White River Valley School Corporation
] 1511	-	Jackson County Public Library
1512	-	Washington Community Schools
1516	-	Harris Township
1524	-	Paoli Community School Corporation
1533	-	Clay Township Hamilton County
1551	-	City of Connersville
1563	-	City of Noblesville
1586	-	Wright Township-Greene County
1591	-	Southwest Dubois County School Corporation
1599	-	Town of Converse
1606	-	Town of Dillsboro
1635	-	Northwest Indiana Health Cooperative

Proposed by: *Jonathan Birge*
Seconded by: *Nancy Turner*
Votes: *4 for, 0 against, 0 abstentions*

7. <u>ADMINISTRATIVE RULES</u>

Mr. Webb reported that there are two issues to be covered. One concerns the 1977 Police Officers' & Firefighters' Pension & Disability Fund. In the early 1990's when the Americans with Disabilities Act ("ADA") was enacted by Congress, many of the public safety officers throughout the country immediately pushed through various exceptions/rules to still permit there to be some type of regulation on the quality and fitness of public safety officers. During the course of that, the PERF Board added some excludable and disqualifying conditions for membership. Essentially, there is a list of conditions in the rules which disqualify a candidate for hire if any one of those conditions are applicable. That doesn't end the issue, however. If a candidate has one of those conditions, the local unit to which the candidate has applied can elect to accommodate them with reference to the ADA. If the local unit feels that they can accommodate the condition, that is noted on the PERF application form which is then sent to PERF for review just like any other application. One way to look at those excludables is that they are somewhat like what would be considered medically a pre-existing condition. It's not bad enough to keep an individual out of the Fund, but it is enough that should they receive an injury related to one of those conditions within a certain number of years, then by statute there is no benefit paid for that particular injury. This was implemented in 1990 to curb what was being seen as a somewhat alarming rise in disability payments based on injuries that were known and detected before membership in the Fund. To that degree, the 1977 Fund does function somewhat akin to an insurance company to make sure that it is not taking an undue risk exposure for payment of an early disability which could theoretically cause some type of strain on the Fund. There are 80 pre-existing conditions ranging from high blood pressure to pancreatic problems.

Therefore, currently, if an individual is accommodated at the local level through a disqualifying condition (i.e. it's so bad that without an accommodation they could not get into the Fund) and are injured on duty, they are in a more advantageous position than if they simply had an excludable condition that didn't require the accommodation to begin with. This has come to a head over an issue with the Indianapolis Fire Department wherein an individual was refused a position with the Department because he had a hearing impairment below the minimum allowable. PERF was asked by counsel for the plaintiff exactly how he would be treated if this issue came up in a request for a payment for disability. Upon further investigation, it was determined that the issue had never been discussed, and, apparently, when rules were drafted few people thought these individuals would be accommodated at the local level. Now, there is an instance where it's going to happen.

We can leave the rule as is, but what I think we are really doing

> in actuality is leaving a hole where if the issue had been contemplated at the time, it would have been earlier listed as simply an excludable condition. We're trying to guard against unduly early and onerous disability payments, but all we're seeking to do here is to suggest that we want to put these people simply on the same playing field — once they get into the Fund they should be treated like anybody else. Right now, they are not even subject to any pre-existing condition that other people would be. It is our proposal that Subsection 81 (the 81st excludable condition) be added to include any disqualifying condition under 35 IAC 2-9-6 that has been accommodated. That basically covers everything for PERF purposes and lets an individual know that if they have a condition that is accommodated, PERF will treat it as a pre-existing condition for purposes of paying a disability.

Following further discussion,

MOTION duly made and carried to authorize commencement of the rule making process to add Subsection 81 to 35 IAC 2-10-2(b).

Proposed by:	*Jonathan Birge*
Seconded by:	*Steve Miller*
Votes:	*3 for, 0 against, 1 abstention (Turner)*

A second issue concerned another rule (35 IAC 1.2-3-8) which apparently says no creditable service shall be given after a member's last physical day at work for unused sick leave or vacation time that may or may not be paid to the member, the member's beneficiary, or the estate. There are several problems with that rule. First and foremost is that it unfairly penalizes those members who either choose not to take a vacation or those who simply are so strapped that they cannot take a vacation. Currently, State rules allow for two weeks of vacation per year for which you are paid and for which you receive creditable service that counts toward the PERF ten year vesting requirement. You are also allowed to bank vacation time, and after a certain number of years you also receive bonus time, all of which is paid and all of which is PERF creditable. Currently, if a person elects not to take a vacation or is unable to take a vacation and somehow is able to do so toward the twilight of their career, PERF receives contributions from the State for the paid leave, but the member is denied service credit by PERF. It is staff's recommendation that this rule be changed to treat "vacation" time like the earned benefit it is in every facet of State government and leave the rule in place for sick time.

MOTION duly made and carried to authorize commencement of the rule making process to change 35 IAC 1.2-3-8.

Proposed by:	*Steve Miller*
Seconded by:	*Nancy Turner*
Votes:	*4 for, 0 against, 0 abstentions*

8. PENSION MANAGEMENT OVERSIGHT COMMISSION UPDATE

With respect to legislative study commissions, PERF falls under the jurisdiction of the Pension Management Oversight Commission ("PMOC"). The Commission is a bipartisan legislative and lay person group of individuals who are appointed by the Speaker of the House of Representatives, the President Pro-Tempore of the Senate, and the Governor. There are four legislative representatives, two from the House of Representatives (one from each party) and two from the Senate (one from each party), and there are four lay persons appointed by the Governor. These individuals are all extremely knowledgeable in the fields of pension legislation, and they are very dedicated toward trying to give every bit of assistance they can to PERF, TRF, and the other pension funds.

A series of meetings have been conducted (beginning in August) to discuss proposed legislation. From those meetings a preliminary draft has been prepared which goes very much to the heart of a lot of the issues the funds have confronted. Addressed in that draft are the following:

- Annuity Savings Account Valuation - Provides that the account of a PERF/TRF member will be valued as of the valuation date coinciding with or preceding the member's date of retirement, for any portion annuitized, and will be valued as of the last valuation date, plus any contribution since that date, for any portion distributed in a lump sum.

- Membership Suspension - Provides that the PERF/TRF Board will suspend a person's fund membership and pay the person the annuity savings account if the member has not performed any service in a covered position during the past two years, is not vested, and has a total benefit value of less than $200. This is a record keeping win for PERF. There are currently thousands of accounts where there has been no activity for a period of at least two years and the balance on the account is less than $200. The cost of maintaining those accounts is not insubstantial. This provision gives PERF the right to cash out those accounts and refund the money to the member.

- Estimated Retirement Benefit - Allows PERF/TRF to pay an estimated retirement benefit to a member. Currently PERF cannot pay a benefit until all information is returned from all employers and it is verified. There are many instances where an individual has not received a benefit 30, 45, 60 days following their last day in past status. The problem is in obtaining the verification information required by State statute and the Internal Revenue Code. This provision will allow the Fund to estimate a benefit before a member's retirement and pay up to 80% of the projected monthly benefit virtually immediately. Once all the information is returned, then the benefit is adjusted accordingly.

- Annuity Savings Account Distribution - Allows a member, upon retirement, to leave their annuity savings account invested until a later date. Currently, distribution has to begin at the time of retirement. This provision will allow an individual to keep the money with PERF until they reach the age of 70 ½ , at which time they will be required to begin withdrawing it unless they are still employed at that age.

- Beneficiary Designation - Allows a member of PERF/TRF to designate a new beneficiary following their remarriage or the death of their spouse. Currently, a benefit cannot be recalculated, and, therefore, a new beneficiary designation cannot be made.

- Earnings Cap - Provides that a PERF/TRF member who is receiving retirement benefits may earn up to $15,500, adjusted for inflation, in a fund-covered position before the member's benefits are suspended and the member is reinstated into active membership. Currently, that cap is tied to the Social Security earnings limitation which is scheduled to rapidly increase. It has been hovering around the low teens for about two decades. Under the Social Security Act it will spike upward rapidly ($15,500 in 1999, $17,000 in 2000, $25,000 in 2001, and $30,000 in 2002). Thus, someone earning an average State employee wage or better could be receiving a full State employee wage and be on retirement benefits as well.

- Penalty Assessment - Provides that an employer who does not provide PERF with employee Membership Records or other reports/payments within 30 days after they are due will be fined $100 for each day the records or reports/payments are late. A similar provision was enacted for the Teachers' Retirement Fund last year, and they went from almost no compliance to virtually 100% compliance overnight.

- Service Credit Claims - Allows certain individuals to claim service credit in PERF if they were erroneously enrolled in PERF before 1980, made contributions to PERF, and were subsequently denied all or part of the service credit for a position that would otherwise be covered by PERF. This provision becomes necessary because of a number of situations wherein individuals who were old police and fire plan (the old city plan) employees were erroneously enrolled in PERF. Statute does not allow an individual to be a member of both the old police and fire plans and PERF. In the referenced situations, the members were taken out of PERF and their service credit stricken. Those individuals complained to their legislators during the last legislative session, and wording was added to Senate Bill 120 which not only allowed those individuals back into PERF but basically left the door open for anyone else to come in.

So, at PERF's request, the House and Senate removed those portions of the bill with the understanding and agreement that the issue would be studied over the summer and committed to PMOC. The problem which surfaced was there is no way to determine the cost because there is no way to know how many individuals were impacted. Therefore, the current provision was drafted which will automatically sunset at the end of the year. PERF is currently aware of two individuals who will come into the Fund, with another possible two to four.

- Purchase of Service - This provision will give judges the ability to purchase any other prior PERF service at full actuarial cost. Currently, they can purchase prior service if they were a referee before they became a full judge, but if they served as a prosecutor, public defender, etc., they cannot buy those years.

- Police & Fire Unit Discrepancy - The 1977 Police & Fire Fund has an age restriction — anyone over the age of 36 cannot become a member. There is an exception to that for fire departments. If a fire department, which is not a member of the 1977 Fund, decides to move all their members into the 1977 Fund by adopting a resolution, they bring all members into the Fund irrespective of age. Police departments do not have that right. This provision would allow police departments to move into the 1977 Fund under the same freedoms as granted the fire departments.

- Police & Fire Hearing Determinations - Provides that in disability proceedings the local board must conduct a hearing within 90 days of the member's request and make a determination within 30 days. If that is not done, the member is automatically considered disabled and the case is forwarded to PERF.

Ms. Braitman added that there is also proposed legislation that would change the judges' benefit structure. The other thing that will probably be a subject of discussion somewhere during the course of session is additional pension relief dollars for the Police & Fire Fund.

9. <u>PRIME CAPITAL ACCOUNT REDUCTION</u>

One piece of business left from yesterday concerned the division of some of the smaller accounts among managers. These are accounts currently managed by Prime Capital Management. Prime has previously had roughly $3.8 billion under management which will be reduced to approximately $500 million. That $3.8 billion has been allocated among ten accounts, six of which are quite small and aggregate about $12 million. Question was raised as to whether those six accounts should be left with Prime or treated in a different fashion. The conclusion was tentatively made that it would be best to place those with National City Bank because it would be an easier thing for them to administer. They were invited to submit a bid on the cost fee of managing that

$12 million, which they have now done. Following further discussion,

MOTION duly made and carried to transfer the six small accounts (Prime D-Reallocation, State of Indiana Employee Special Death, State of Indiana Social

Security, Public Employees Special Death, Harrison Building, and Money Market) currently managed by Prime Capital Management to National City Bank. Henceforth, these accounts will all be managed separately.

Proposed by: *Steve Miller*
Seconded by: *Nancy Turner*
Votes: *3 for, 0 against, 1 abstention (Birge)*

10. MEETING DATES

By common consent, Board meetings for the year of 1999 were scheduled as follows:

March 8 & 9
May 20 & 21
August 30 & 31
December 9 & 10

11. ADJOURNMENT

There being no further business, the meeting was adjourned.

12. EXECUTIVE SESSION

An Executive Session of the Board was called to discuss legal issues.

STAFF ASSIGNMENTS
BOARD OF TRUSTEES
(As reflected in meeting on December 14 & 15, 1998)

	REPORT FOR	DUE BY
Segal Report ▸ Copies to be mailed to Trustees along with Bill Butler observations with regard to the report		ASAP
NBD/Banc One ▸ Are two portfolios treated as one or run independently	IC	ASAP
Securities Lending ▸ Are 2 securities lenders needed ▸ What is right trade off between how much the Board wants to make and how much risk they are willing to assume ▸ What is the best way to be sure PERF's interests are protected	BOT	Next Meeting*
Investment Manager Insurance Coverage ▸ Check all arrangements in place — is anything being unreasonably required of Prime that is not required of the other managers ▸ Does the wording of the Investment Policy require managers to take on double coverage in some areas that is more expensive to them than it needs to be	BOT	Next Meeting*
Develop a policy for Board approval for documenting poor investment manager performance and for termination of a manager	BOT	Next Meeting*
Staffing Plan	BAC	1999
Employer Advisory Group Update	BAC	Next Meeting**

* - March 8 & 9
** - February 22